

- The Manager already scored himself and the panel members individually scored the manager in terms of the scoring targets.
- The scoring targets are as follow:
 - 5=75-100%;
 - 4=65-74%;
 - 3=50-64%;
 - 2=31-49%;
 - 1=less than 30%.
- The Manager's score counted 20% of the consolidated score and the panel's score counted 80% of the consolidated score.
- The Manager presented his **Portfolio of Evidence** as proof for the score given by himself on each of the KPI's and motivated his score on each of the CCR's
- A weight were allocated to each of the KPA's and CCR's , this had an influence on the final score
- The minutes of the meeting will be kept by the Department Corporate Services and the minutes will be used as the official recordkeeping in any future disputes.

3.9.1 EMPLOYEES EVALUATED

The report covers the annual performance assessment for the 2008/09 of the following employees

NAME	DEPARTMENT
Mr. B.James	Chief financial Officer
Mr. T. Loko	Support and Social Services
Mr. H. Greeff	Infrastructure and Technical Services
Mr. S. Diokpala	Shared Services
Mr. C. Muller	Chief Audit Executive
Mr. M Jack	Municipal Manager

3.9.2 EVALUATION PROCEDURE AND CRITERIA

3.9.2.1 PROCEDURE

Each senior manager was required to compile a portfolio of evidence supporting their performance against key performance indicators agreed to with the municipality in their signed performance agreements.

Employees were also to indicate their own self-scores against the total weighting for each KPI in the performance agreements based on their performance. The

self evaluation on both the KPA's and the CCR's will count 20% of the consolidated weight and the Panel evaluation will count 80% of the consolidated weight.

The scores were then confirmed with the Municipal Manager in case of section 57 managers and with the Executive Mayor in the case of the Municipal Manager based on their satisfaction with the evidence submitted.

3.9.2.2 CRITERIA

The assessment criteria consists of two components with a weighting of 80:20 allocated to key performance areas (KPAs) and core competency requirements (CCR) requirements respectively.

80% of the score is the main area of work. Assessment will be based on performance in terms of outputs and outcomes linked to KPAs agreed to in the performance plan.

20% of the score is based on CCR that are deemed to be the most critical for the employee's specific job and agreed to during contracting, the CCR is will be calculated out of 100 and no employee will be able to overscore on the CCR's

3.9.2.3 KEY PERFORMANCE AREAS

The KPAs are modelled according to the 2006-2011 Local government Strategic Agenda.

- Basic Service delivery;
- Municipal Institutional Development and Transformation;
- Local economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;

3.9.2.4 CORE MANAGERIAL AND OCCUPATIONAL COMPETENCIES

CCRs are selected according to a specific field of a Senior Manager from the following list required by Regulations.

- Strategic capability and leadership;
- Programme and project management;
- Financial management (c);
- Change management;
- Knowledge management;
- Service Delivery Innovation;
- Problem solving and analysis;
- People management and empowerment (c);

- Client orientation and customer focus (c);
- Communication;
- Honesty and integrity;
- Policy implementation within national policy frameworks;
- Knowledge of PMS and Reporting;
- Global and local political and economic context;
- Policy conceptualization, analysis and implementation;
- Knowledge of multiple municipal fields or discipline;
- Mediation skills;
- Governance skills;
- Self management;
- Competence as required by other national line departments;
- Creativity to improve the functioning of the municipality

3.9.3 MANAGEMENT OF EVALUATION OUTCOMES

3.9.3.1 OVERALL RATING

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

The rating Scale for Key Performance Areas and Core Competency Requirements are as follows.

Level	Result	Target to be Achieved %	Description
5	Outstanding performance	75-100	Performance far exceeds the standard expected at this level. The employee has achieved above fully effective results against all performance criteria and KPIs as indicated in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above	65-74	Performance is significantly higher than the standard expected in the job. The employee has achieved fully effective

Level	Result	Target to be Achieved %	Description
	expectations		results against more than half of the performance criteria and indicators and fully achieved all others throughout the year
3	Fully Effective	51-64	Performance fully meets the standards expected in all areas of the job. The employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	31-50	Performance meets some of the standards expected for the job. The employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable Performance	Less than 30	Performance does not meet the standard expected for the job. The employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Section 32 of the regulations determines the criteria for managing the results of performance evaluation in order to determine the bonus payable to each employee. The scale in the table below guides the determination of bonuses to be paid to employees for outstanding performance.

Percentages as per Regulation	Percentage Achieved (%)	Bonus Percentage (%)
No bonus	Less than 130%	0%

Percentages as per Regulation	Percentage Achieved (%)	Bonus Percentage (%)
5-9%	130-134	5
	135-139	6
	140-144	7
	145-147	8
	148-149	9
10-14%	150-152	10
	153-155	11
	156-158	12
	159-160	13
	160+	14

3.9.4 PERFORMANCE SCALE AND % BONUS PAYABLE

3.9.4.1 OVERALL RATING

The overall rating achieved for the Key Performance Areas and Core Competency Requirements were then converted into a scale of 1 to 5. 1 representing unacceptable performance, and 5 representing outstanding performance as outlined above.

The converted KPAs and CCR scores are as follows:

Name	Designation	KPA Scores	Converted Score	CCR Score	Converted Score
Mr NM Jack	Municipal Manager	161.641682	129%	99.28	19%
Mr BF James	Chief financial Officer	154.816578	124%	88.08	18%
Mr HP Greeff	Infrastructure and Technical Services	147.314286	118%	82.88	17%
Mr SA Diokpala	Shared Services	160.979282	129%	84	17%
Mr CJB Muller	Chief Audit Executive	156.118519	125%	97.4	19%
Mr TA Loko	Support and Social Services	158.752215	127%	91.6	18%

3.9.4.2 FINAL SCORES AND % BONUS

The following are the final scores and bonus percentages payable on the employees total remuneration packages.

NAME	DESIGNATION	Evaluation Scores	% Bonus payable
Mr NM Jack	Municipal Manager	149%	9
Mr BF James	Chief financial Officer	141%	7
Mr HP Greeff	Infrastructure and Technical Services	134%	5
Mr SA Diokpala	Shared Services	146%	8
Mr CJB Muller	Chief Audit Executive	144%	7
Mr TA Loko	Social And Support Services	145%	8

3.9.5 CONCLUSION AND RECOMMENDATION TO COUNCIL

Council approves the Performance Evaluation Report and authorise the payment of performance bonuses as recommended.

4 CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 FINANCIAL STATEMENTS 2008/09

GENERAL INFORMATION

GRADING

Grade 4 - Category C
Municipality

DOMICILE AND LEGAL FORM

• Head Office	Culvert Road DE AAR 7000	Private Bag X1012 DE AAR 7000	Tel: 053-6310891 Fax: 053-6312529
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- The Municipality is a category C Municipality [Municipal Structures Act, 1998, Act 117 of 1998, Section 10(b)] with an mayoral executive system.
- The Municipality was establish in 2000 by the MEC for Lical Government in the Northern Cape in terms of Section 12 of the Municipal Structures Act, 1998, Act 117 of 1998.
- The MEC published in the Northern Cape Provincial Gazette the establishment of the Municipality.

OPERATIONS AND ACTIVITIES

- The Municipality is a Local Government institution and its operations and activities is that of a

district municipality as set out in Chapter 5 (Sections 83 - 89) of the Municipal Structures Act, 1998, Act 117 of 1998.

- Schedules 4B and 5B of the Constitution also rules the powers and functions of municipalities.

RELEVANT LEGISLATION

- Constitution
- Municipal Structures Act
- Municipal Systems Act
- Municipal Finance Management Act
- Basic Conditions of Service Act
- Labour Relations Act
- Health and Safety Act
- Preferential Procurement Act
- Environmental Law
- Etc.

AUDITORS

The Office of the Auditor-General
Private Bag
X5013
KIMBERLEY

BANKERS

ABSA Bank

Type of Account: Current Account

DE AAR

Account Number:

1850000197

COUNCILLORS

• Executive Mayor

Councillor H G Jenkins

ANC

Councillor J Z Lolwana

Acting from 2009/05/06

ANC

• Speaker

Councillor J Z Lolwana

ANC

Councillor M T Kibi

Acting from 2009/05/06

ANC

• Members of the Mayoral Committee

Councillor H G Jenkins

(Chairperson)

ANC

Councillor K A Jola

ANC

Councillor S D Eloff

ANC

Councillor K E Mooi

ANC

• Ordinary Council Members

Councillor J Grobbelaar
 Councillor H Lakay
 Councillor M T Kibi
 Councillor L Valacia
 Councillor E Le Fleur
 Councillor A R Matthee
 Councillor B Mpamba
 Councillor G Ngxazana
 Councillor G L Nyl
 Councillor C Koopman
 Councillor L Olifant
 Councillor S T Sthonga
 Councillor N I Titus
 Councillor IWJ Stadhouer

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MUNICIPAL MANAGER

Mr. Z Saul

Mr. M N Jack

Acting from 2009/01/01

CHIEF FINANCIAL OFFICER

Mr. B F James

INTERNAL AUDITOR

Mr C J B Müller

PIXLEY KA SEME DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net Assets		1 899 206.96	3 402 597.93
Government Grant Reserve		41 604.82	1 342 564.07
Capital Replacement Reserve		1 076 338.75	2 734 995.96
Revaluation of Fixed Assets		-	-
Accumulated Surplus/(Accumulated Deficit)		781 263.39	(674 962.10)
Non-current liabilities		18 349 755.83	19 392 049.59
Borrowings	1	6 467 088.83	7 916 572.59
Non-Current Employee Benefits	2	11 882 667.00	11 475 477.00

Current liabilities		22 354 083.39	23 175 034.31
Employee Benefits	3	1 687 413.24	2 199 866.21
Trade Payables	4	3 980 416.77	1 943 437.21
Unspent conditional grants and receipts	5	14 711 024.50	17 501 023.38
Taxes	6	-	350.68
Cash and Cash Equivalents	15	-	-
Current portion of long-term borrowings	1	1 975 228.88	1 530 856.83
Total Net Assets and Liabilities		42 603 046.18	45 969 681.83
ASSETS			
Non-current assets		16 852 073.37	14 357 365.30
Property, plant and equipment	7	15 330 050.51	12 378 401.09
Investment Property	8	90 657.14	111 432.14
Intangible Assets	9	248 967.98	95 432.02
Investments	10	-	-
Long-term receivables	11	1 182 397.74	1 772 100.05
Current assets		25 750 972.81	31 612 316.53
Inventory	12	-	-
Trade Receivables from Exchange Transactions	13	62 359.80	122 442.67
Trade Receivables from Non-Exchange Transactions	14	2 950 419.27	3 966 913.21
Taxes	6	859 417.29	2 562 595.02
Current portion of long-term receivables	11	589 971.75	534 657.98
Cash and Cash Equivalents	15	21 288 804.70	24 425 707.65
Total Assets		42 603 046.18	45 969 681.83

PIXLEY KA SEME DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2009

Budget				Actual	
2008 R	2009 R		Note	2009 R	2008 R
REVENUE					
-	201 000	Regional Services Levies		215 994.79	98 587.52
160 000	125 000	Rental of facilities and equipment		133 950.68	163 469.98
1 181 350	2 092 000	Interest earned		2 351 765.49	2 522 901.49
67 084 500	84 943 000	Government grants and subsidies	16	81 766 000.44	65 800 427.07
17 080 150	10 922 000	Other income	17	6 142 032.35	5 231 938.45
85 506 000	98 283 000	Total Revenue		90 609 743.75	73 817 324.51
EXPENDITURE					
11 912 000	16 223 500	Employee related costs	18	15 913 018.21	11 452 053.76
2 802 000	3 023 000	Remuneration of Councillors	19	2 791 199.69	2 550 150.55
-	-	Bad Debts written off		9 425.32	214 695.20
155 000	75 000	Collection costs		73 740.42	154 750.60
522 000	60 000	Provision for Leave and Bad Debts		60 000.00	522 000.00
590 000	350 000	Depreciation and Amortisation		1 533 978.24	1 418 501.12
775 000	1 108 500	Repairs and maintenance		856 008.93	567 846.08
197 000	833 000	Contracted Services		315 210.75	318 808.99
20 000 000	19 000 000	Ouboks Housing Project		18 818 445.06	15 760 063.47
-	879 000	National Youth Advisory Centre		875 192.92	-
823 000	825 000	Interest paid	20	1 873 219.71	1 223 597.99
30 165 000	41 347 000	Grants and subsidies paid	21	40 677 509.89	32 564 073.33
6 305 000	9 245 000	General expenses	22	8 123 921.80	6 406 106.23
74 246 000	92 969 000	Total Expenditure		91 920 870.94	73 152 647.32
11 260 000	5 314 000	NET SURPLUS/(DEFICIT) FOR THE YEAR		(1 311 127.19)	664 677.19

Refer to Appendix E(1) for the comparison with the approved budget

PIXLEY KA SEME DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Government Grant Reserve	Capital Replacement Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
2008					
Balance at 1 July 2007	1 629 055.14	2 641 148.55	-	7 872 947.63	12 143 151.32
Surplus/(deficit) for the year	-	-	-	664 677.19	664 677.19
Appropriations for the year	-	-	-	1 939 249.00	1 939 249.00
Revaluation of Land & Buildings	-	-	-	-	-
Interest received	-	196 743.88	-	-	196 743.88
Property, Plant and Equipment purchased	-	(102 896.47)	-	-	(102 896.47)
Capital grants used to purchase PPE	-	-	-	-	-
Donated/contributed PPE	-	-	-	-	-
Prior Year Adjustments	-	-	-	(11 438 326.99)	(11 438 326.99)
Offsetting of depreciation	(286 491.07)	-	-	286 491.07	-
Balance at 30 June 2008	1 342 564.07	2 734 995.96	-	(674 962.10)	3 402 597.93
2009					
Restated balance	1 342 564.07	2 734 995.96	-	(674 962.10)	3 402 597.93
Surplus/(deficit) for the year	-	-	-	(1 311 127.19)	(1 311 127.19)
Appropriations for the year	1 211 825.66	-	-	2 777 268.06	3 989 093.72
Revaluation of Land & Buildings	-	-	-	-	-
Interest received	-	179 820.52	-	-	179 820.52
Property, Plant and Equipment purchased	20 785.58	(1 838 477.73)	-	267 555.24	(1 550 136.91)
Capital grants used to purchase PPE	-	-	-	-	-
Donated/contributed PPE	-	-	-	-	-
Asset disposals	(2 406 816.65)	-	-	(404 224.44)	(2 811 041.09)
Offsetting of depreciation	(126 753.84)	-	-	126 753.84	-
Balance at 30 June 2009	41 604.82	1 076 338.75	-	781 263.41	1 899 206.98

PIXLEY KA SEME DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		90 808 068.51	78 733 956.40
Cash paid to suppliers and employees		85 158 403.44	69 394 876.17
Cash generated from/(utilised in) operations	24	5 649 665.07	9 339 080.23
Interest received		2 262 986.62	1 684 501.49
Interest paid		(1 873 219.71)	(318 808.99)
NET CASH FROM OPERATING ACTIVITIES		6 039 431.98	10 704 772.73
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10 258 921.96)	(8 337 517.09)
Increase/(decrease) in statutory funds		1 552 810.20	93 847.41
Increase/(decrease) in non current receivables		534 388.54	625 030.46
NET CASH FROM INVESTING ACTIVITIES		(8 171 723.22)	(7 618 639.22)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(1 004 611.71)	4 023 027.97
NET CASH FROM FINANCING ACTIVITIES		(1 004 611.71)	4 023 027.97
TOTAL CASH FROM ACTIVITIES		(3 136 902.95)	7 109 161.48
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(3 136 902.95)	7 109 161.48
Cash and cash equivalents at the beginning of the year		24 425 707.65	17 316 546.17
Cash and cash equivalents at the end of the year	25	21 288 804.70	24 425 707.65

PIXLEY KA SEME DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R		
1. BORROWINGS				
Annuity Loans	6 380 861.58	7 231 959.92		
Capitalised Lease Liability	2 061 456.13	2 214 969.50		
Sub-total	8 442 317.71	9 446 929.42		
Less: Current portion transferred to current liabilities	1 975 228.88	1 530 356.83		
Annuity Loans	938 397.46	850 301.53		
Finance Leases	1 036 831.42	680 055.30		
Total External Loans	6 467 088.83	7 916 572.59		
Refer to Appendix A for more detail on long-term liabilities. Interest Rate : 9.89% and 9.863% Monthly Instalments : R61 582.64 and R65 724.38 Redemption Date : 2012/03/31 and 2018/03/31				
1.1 Finance lease liability				
Total finance lease liability	2 061 456.13	2 214 969.50		
Less: Current portion	(1 036 831.42)	(680 055.30)		
Carrying amount of finance leases	<u>1 024 624.71</u>	<u>1 534 914.20</u>		
The lease assets are insured with the insurance company of the council. The interest rate used for lease assets are the prime rates at the time when the leases commenced (Canon) and 16% for BCX. The lease agreements make provision for monthly payments of the instalments with an annual escalation of 15% for Canon and fixed instalments for BCX. Ownership of the assets remains with the provider (Canon) and will be transferred to the Municipality at the end of the redeemable period (BCX).				
1.2 Reconciliation between the minimum lease payments and their present value.				
	Next year	Years 2 through 5	Beyond 5 years	Total
Minimum lease payments	877 801.86	1 183 654.27	-	2 061 456.13
2. NON-CURRENT EMPLOYEE BENEFITS				
Obligation at the beginning of the year			11 475 477.00	10 906 197.00
Interest cost			1 166 190.00	838 400.00
Current service cost			-	-
Benefits paid			(788 748.40)	(759 510.20)
Actuarial (Gain)/Loss			29 748.40	490 390.20
Obligation at the end of the year			<u>11 882 667.00</u>	<u>11 475 477.00</u>
EMPLOYEE BENEFIT PROVISIONS				
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, Paragraph 155 (a)				
2.1 Pension Benefits				
Obligation at the beginning of the year			103 477.00	117 197.00
Interest cost			10 190.00	9 400.00
Current service cost			-	-
Benefits paid			(14 880.00)	(13 530.00)
Actuarial (Gain)/Loss			(6 120.00)	(9 590.00)
Obligation at the end of the year			<u>92 667.00</u>	<u>103 477.00</u>

2.2 Medical Aid Benefits

Obligation at the beginning of the year	11 372 000.00	10 789 000.00
Interest cost	1 156 000.00	829 000.00
Current service cost	-	-
Benefits paid	(773 868.40)	(745 980.20)
Actuarial (Gain)/Loss	35 868.40	499 980.20
Obligation at the end of the year	<u>11 790 000.00</u>	<u>11 372 000.00</u>

Key actuarial assumptions used:

i) Rate of interest

Discount rate	10.51%	10.51%
Health Care Cost Inflation Rate	9.10%	9.10%
Net Effective Discount Rate	1.29%	1.29%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age of employees is 65 for males and 60 for females. It has been assumed that male in-service members will retire at age 64 and female in-service members retire at 59, which then allows for expected rates of early and ill-health retirement.

3. EMPLOYEE BENEFITS**Provision for Staff Leave**

Balance at beginning of the year	2 199 866.21	1 340 296.72
Transfer from non-current	-	-
Contributions to provision - current year provision	59 232.95	859 569.49
Contributions to provision - prior year over provision	-	-
Expenditure incurred	(571 685.92)	-
Balance at end of the year	<u>1 687 413.24</u>	<u>2 199 866.21</u>

Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.

4. TRADE PAYABLES

Provision for leave payments	-	-
Trade creditors	2 521 591.49	1 577 364.29
Payments received in advance	6 570.17	6 424.09
Control Accounts	187 084.12	-
Advances from Roads Department	1 265 170.99	359 648.83
Total Creditors	<u>3 980 416.77</u>	<u>1 943 437.21</u>

Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.

5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**Conditional Grants from other spheres of Government**

	14 711 024.50	17 501 023.38
Powerline Subsidies	239 703.30	969 203.30
Grant : MIG	1 992 235.78	1 882 616.79
Grant : RDP	5 397.88	5 397.88
Bulk Water Supply	41 165.51	955 439.52
Drought Relief Subsidy	17 090.90	17 090.90
Regravelling	360 840.87	29 896.96
Ouboks Colesberg	9 302 169.83	9 392 788.43
Project Skietfontein	20 376.26	129 789.42
Flood Damage	442 795.36	1 056 709.47
Sanitation	424 824.85	384 524.04
DGDS	4 556.87	174 556.87
MSIG	2 335.99	400 000.00
Fire Fighting Equipment	177 873.22	471 639.05
Lotto	1 495.96	-
School Sanitation	1 426 791.17	-
Housing	251 370.75	1 631 370.75

Total Conditional Grants and Receipts

14 711 024.50	17 501 023.38
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These amounts are invested in a ring-fenced investment until utilized.

5.1 Power Line Subsidy

Balance unspent at beginning of year	969 203.30	243 650.95
Current year receipts	52 771.46	2 026 545.82
Conditions met - transferred to revenue	(782 271.46)	(1 300 993.47)
Conditions still to be met	239 703.30	969 203.30

To improve the quality of the electricity network in the district

5.2 Municipal Improvement Grant

Balance unspent at beginning of year	1 882 616.79	3 629 227.18
Current year receipts	7 781 733.75	17 398 326.64
Conditions met - transferred to revenue	(7 672 114.76)	(19 144 937.03)
Conditions still to be met	1 992 235.78	1 882 616.79

To provide service delivery infrastructure to households in poorer infrastructure

5.3 RDP

Balance unspent at beginning of year	5 397.88	5 397.88
Current year receipts	166.51	159.92
Conditions met - transferred to revenue	(166.51)	(159.92)
Conditions still to be met	5 397.88	5 397.88

5.4 Bulk Water Supply

Balance unspent at beginning of year	955 439.52	-
Current year receipts	8 846 637.62	1 732 517.55
Conditions met - transferred to revenue	(9 760 911.63)	(777 078.03)
Conditions still to be met	41 165.51	955 439.52

To develop regional bulk infrastructure for water supply to supplement water treatment works at resource development and link such water resource development with the local bulk and local distribution networks.

5.5 Drought Relief Funds

Balance unspent at beginning of year	17 090.90	17 090.90
Current year receipts	1 135.22	1 141.86
Conditions met - transferred to revenue	(1 135.22)	(1 141.86)
Conditions still to be met	<u>17 090.90</u>	<u>17 090.90</u>

To assist municipalities to fund emergency water services supply to communities affected by drought.

5.6 Regravelling

Balance unspent at beginning of year	29 896.96	-
Current year receipts	2 137 525.73	1 963 425.79
Conditions met - transferred to revenue	(1 806 581.82)	(1 933 528.83)
Conditions still to be met	<u>360 840.87</u>	<u>29 896.96</u>

To regravell some of the gravel roads in the region.

5.7 Ouboks Housing Project

Balance unspent at beginning of year	9 392 788.43	-
Current year receipts	18 001 461.46	25 152 851.90
Conditions met - transferred to revenue	(18 092 080.06)	(15 760 063.47)
Conditions still to be met	<u>9 302 169.83</u>	<u>9 392 788.43</u>

Ouboks housing project - Umsobomvu Municipality

5.8 Project Skietfontein

Balance unspent at beginning of year	129 789.42	-
Current year receipts	2 560.38	159 789.42
Conditions met - transferred to revenue	(111 973.54)	(30 000.00)
Conditions still to be met	<u>20 376.26</u>	<u>129 789.42</u>

To improve the standard of living of the Skietfontein community.

5.9 Flood Damage

Balance unspent at beginning of year	1 056 709.47	1 453 259.49
Current year receipts	76 556.59	1 824 771.09
Conditions met - transferred to revenue	(690 470.70)	(2 221 321.11)
Conditions still to be met	<u>442 795.36</u>	<u>1 056 709.47</u>

To repair flood damage to gravel roads in the district.

5.10 Sanitation

Balance unspent at beginning of year	384 524.04	1 238 484.77
Current year receipts	1 098 754.53	794 581.83
Conditions met - transferred to revenue	(1 058 453.72)	(1 648 542.56)
Conditions still to be met	<u>424 824.85</u>	<u>384 524.04</u>

To eliminate the use of bucket sanitation in the district.

5.11 DGDS

Balance unspent at beginning of year	174 556.87	215 184.06
Current year receipts	8 190.77	10 604.77
Conditions met - transferred to revenue	(178 190.77)	(51 231.96)
Conditions still to be met	<u>4 556.87</u>	<u>174 556.87</u>

To held the district growth development summit.

5.12 MSIG (Municipal Systems Improvement Grant)

Balance unspent at beginning of year	400 000.00	400 000.00
Current year receipts	10 142.48	22 362.28
Conditions met - transferred to revenue	(407 806.49)	(22 362.28)
Conditions still to be met	<u>2 335.99</u>	<u>400 000.00</u>

To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act, 2000.

5.13 Fire Fighting Equipment

Balance unspent at beginning of year	471 639.05	328 415.00
Current year receipts	15 954.07	172 059.36
Conditions met - transferred to revenue	(309 719.90)	(28 835.31)
Conditions still to be met	<u>177 873.22</u>	<u>471 639.05</u>

To enhance municipalities capacity to deal with fire hazards.

5.14 Lotto

Balance unspent at beginning of year	-	-
Current year receipts	1 019 624.77	-
Conditions met - transferred to revenue	(1 018 128.81)	-
Conditions still to be met	<u>1 495.96</u>	<u>-</u>

To develop or maintain sport and recreation facilities at the municipalities.

5.15 School Sanitation

Balance unspent at beginning of year	-	-
Current year receipts	2 256 110.50	-
Conditions met - transferred to revenue	(829 319.33)	-
Conditions still to be met	<u>1 426 791.17</u>	<u>-</u>

To provide toilets with running water at the schools in the rural areas.

5.16 National Housing

Balance unspent at beginning of year	1 631 370.75	631 370.75
Current year receipts	328 882.55	3 108 625.15
Conditions met - transferred to revenue	(1 708 882.55)	(2 108 625.15)
Conditions still to be met	<u>251 370.75</u>	<u>1 631 370.75</u>

To establish a housing department within the municipality.

6. TAXES

VAT Payable	-	(350.68)
VAT Receivable	859 417.29	2 562 595.02
VAT (payable)/receivable	<u>859 417.29</u>	<u>2 562 244.34</u>

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date through out the year.

7. PROPERTY, PLANT AND EQUIPMENT

30 June 2009

	Land and Buildings R	Furniture and Equipment R	Council Vehicles R	Other R	Total R
Carrying values at 1 July 2008	7 965 473.90	272 586.93	1 057 639.01	3 082 701.25	12 378 401.09
Cost	9 059 806.03	1 119 527.45	2 279 641.68	6 178 444.48	18 637 419.64
Accumulated depreciation	(1 094 332.13)	(846 940.52)	(1 222 002.67)	(3 095 743.23)	(6 259 018.55)
Movement for the year					
Correction of error (note 23)	-	-	-	-	-
Acquisitions	-	188 534.66	133 209.00	392 847.39	714 591.05
Disposals	-	-	(145 137.96)	(2 665 903.13)	(2 811 041.09)
Capital under Construction	5 024 845.81	-	-	-	5 024 845.81
Revaluations	-	-	-	-	-
Impairment	-	-	-	-	-
	5 024 845.81	188 534.66	(11 928.96)	(2 273 055.74)	2 928 395.77
Depreciation					
Correction of error (note 23)	-	-	-	-	-
Depreciation for the year	(43 475.00)	(215 917.84)	(442 966.59)	(785 804.89)	(1 488 164.32)
Disposals	-	-	55 636.22	1 455 680.75	1 511 316.97
Other movements	-	66.00	7.00	28.00	101.00
	(43 475.00)	(215 851.84)	(387 323.37)	669 903.86	23 253.65
Carrying values at 30 June 2009	12 946 844.71	245 269.75	658 386.68	1 479 549.37	15 330 050.51
Cost	14 084 651.84	1 308 062.11	2 267 712.72	3 905 388.74	21 565 815.41
Accumulated depreciation	(1 137 807.13)	(1 062 792.36)	(1 609 326.04)	(2 425 839.37)	(6 235 764.90)

Refer to Appendix B for more detail on property, plant and equipment.

2008/06/30

	Land and Buildings R	Furniture and Equipment R	Council Vehicles R	Other R	Total R
Carrying values at 1 July 2007	341 280.01	292 191.02	1 024 952.06	3 891 128.65	5 549 551.74
Cost	1 706 400.00	1 037 751.63	1 936 759.28	6 035 697.48	10 716 608.39
Accumulated depreciation	(1 365 119.99)	(745 560.61)	(911 807.22)	(2 144 568.83)	(5 167 056.65)
Movement for the year					
Correction of error (note 23)	(401 950.00)	-	-	-	(401 950.00)
Acquisitions	110 000.00	81 775.82	342 882.40	142 747.00	677 405.22
Disposals	-	-	-	-	-
Capital under Construction	7 645 356.03	-	-	-	7 645 356.03
Revaluations	-	-	-	-	-
Impairment	-	-	-	-	-
	7 353 406.03	81 775.82	342 882.40	142 747.00	7 920 811.25
Depreciation					
Correction of error (note 23)	327 667.87	-	-	-	327 667.87
Depreciation for the year	(56 880.01)	(101 379.91)	(310 195.45)	(951 174.40)	(1 419 629.77)
Disposals	-	-	-	-	-
Other movements	-	-	-	-	-
	270 787.86	(101 379.91)	(310 195.45)	(951 174.40)	(1 091 961.90)
Carrying values at 30 June 2008	7 965 473.90	272 586.93	1 057 639.01	3 082 701.25	12 378 401.09
Cost	9 059 806.03	1 119 527.45	2 279 641.68	6 178 444.48	18 637 419.64
Accumulated depreciation	(1 094 332.13)	(846 940.52)	(1 222 002.67)	(3 095 743.23)	(6 259 018.55)

7.1 Transitional Provisions

The municipality has taken advantage of the transitional provisions in terms of Directive 4: "Transitional Provisions for the Adoption of the Standard of GRAP 17 by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board.

Transitional provisions that had been taken advantage of:-

- Revaluation of property, plant and equipment
- Impairment of property, plant and equipment

The municipality will be fully compliant with all the standards of GRAP 17 by 30 June 2010.

7.2 Revaluations

The Municipality will engage an accredited independent valuer to determine the fair value of its property, plant and equipment during the 2009/2010 financial year.

8. INVESTMENT PROPERTY

Cost	623 850.00	623 850.00
Less: Accumulated Depreciation	(533 192.86)	(512 417.86)
Total Investment Properties	90 657.14	111 432.14

Investment property has been identified. The Municipality has taken advantage of the transitional provisions in terms of Directive 4: "Transitional Provisions for the Adoption of the Standard of GRAP 16 by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board.

Transitional provisions that had been taken advantage of:-

- Revaluation of investment property
- Impairment of investment property

The municipality will be fully compliant with all the standards of GRAP 16 by 30 June 2010.

9. INTANGIBLE ASSETS

Cost	274 008.88	95 432.02
Balance 1 July 2008	95 432.02	79 547.53
Acquisitions for the year - At cost	178 574.86	15 884.49
Less: Accumulated Amortisation	25 038.90	-
Balance 1 July 2008	-	-
Amortisation for the year	25 038.90	-
Total Intangible Assets	248 967.98	95 432.02

Council design and develop a website during the 2006/2007 financial year. The website were redesigned during the 2007/2008 financial year

10. INVESTMENTS

Fixed Deposits

Pledged Investments

11. LONG-TERM RECEIVABLES

Infrastructure Category B Municipalities	1 772 369.49	2 306 758.03
	1 772 369.49	2 306 758.03
Less: Current portion transferred to current receivables	589 971.75	534 657.98
Car loans	-	-
Infrastructure Category B Municipalities	589 971.75	534 657.98
Total	1 182 397.74	1 772 100.05

Interest rate : 9.89%
Monthly Instalment : R61 582.64
Redemption Date :
2012/03/31

12. INVENTORY

Consumable stores	-	-
Total Inventory	-	-

13. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Regional Service Levies	186 420.61	244 321.22
Less: Provision for bad debts	(124 060.81)	(121 878.55)
Total Trade Receivables from Exchange Transactions	62 359.80	122 442.67

Summary of Debtors by Customer Classification

Current	-	20 316.89
30 days	-	7 494.45
60 days	-	9 233.23
90 days	-	16 484.11
+ 120 days	186 420.61	190 792.54
Sub-Total	186 420.61	244 321.22
Less: Provision for bad debts	(124 060.81)	(121 878.55)
Total Consumer Debtors	62 359.80	122 442.67

Reconciliation of the bad debt provision

Balance at the beginning of the year	121 878.55	122 099.79
Contributions to provision	3 178.86	37 363.87
Bad debts written off against provision	(996.60)	(37 585.11)
Balance at the end of the year	124 060.81	121 878.55

14. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Sundries	143 895.98	1 966 042.15
Control Accounts	2 806 523.29	2 900.00
Advances To	-	1 997 971.06
Total Other Debtors	2 950 419.27	3 966 913.21

14.1 Sundries

I Malang	-	1 410.00
Internal Audit Functions	121 887.46	125 146.66
Property Rent	11 566.78	20 627.60
Ex Gratia Medical Aid	10 441.74	7 457.00
Provision for interest on investments	-	236 712.67
Provision for income from investments	-	1 574 688.22
	143 895.98	1 966 042.15

14.2 Control Accounts

Contra Advances	200.00	2 900.00
Flood Damage	42 320.00	-
Regravelling	2 795.10	-
Ouboks Colesberg Housing Project	599 900.48	-
MIG Projects	1 968 129.99	-
Sanitation Project	193 177.72	-
	2 806 523.29	2 900.00

**14.3 Advances to
Roadworks**

1 997 971.06

The fair value of trade and other receivables approximate their carrying value

15. CASH AND CASH EQUIVALENTS

Assets

15.1 Call Investment Deposits	20 756 579.42	25 107 467.67
15.2 Primary Bank Account	532 225.28	(681 760.02)
Total Cash and Cash Equivalents	21 288 804.70	24 425 707.65
15.1 Call Investment Deposits	20 756 579.42	25 107 467.67
Call Accounts		
- ABSA Bank	19 116 449.22	21 871 092.07
Term Deposits		
- ABSA Bank	1 640 130.20	3 236 375.60

The Municipality has the following bank accounts:-

15.2 Current Account (Primary Bank Account)

ABSA Bank - De Aar Branch
Account Number 1850000197

Cash book balance at beginning of year	(681 760.02)	555 617.96
Cash book balance at end of year	532 225.28	(681 760.02)
Bank statement balance at beginning of year	210 576.59	1 080 247.73
Bank statement balance at end of year	752 530.51	210 576.59

16. GOVERNMENT GRANTS AND SUBSIDIES

Grant : Equitable Share	5 586 000.00	3 916 915.22
Grant : Levy Replacement	13 858 359.00	12 317 073.04
Grant : Councillor Remuneration	838 000.00	738 564.74
Grant : FMG	500 000.00	500 000.00
Grant : NEAR	864 000.00	499 971.68
Grant : Environmental Health	40 000.00	38 000.00
Grant : MIG	24 975 532.41	19 144 937.03
Grant : Sanitation	986 893.89	1 648 542.56
Grant : Flood Damage	656 234.11	2 221 031.92
Grant : O & M Water	33 389.95	572 497.06
Grant : Tourism		367 276.40
Grant : Power Line Subsidy	700 000.00	1 300 993.47
Grant : Project Skietfontein		30 000.00
Grant : DWAF	9 586 374.56	4 744 560.48
Grant : NYAC	892 968.15	-
Grant : School Sanitation Project	894 803.31	-
Grant : MSIG	735 000.00	-
Grant : National Housing	1 800 000.00	2 000 000.00
Grant : Provincial Housing	18 818 445.06	15 760 063.47
	81 766 000.44	65 800 427.07
Grant : MSIG (PIMS)		1 000 000.00
Grant : Roadworks	23 615 040.60	21 274 743.00
Total Government Grants and Subsidies	105 381 041.04	88 075 170.07

The unspent portions of the conditional grants are treated as current liabilities and disclosed per Note 4 above. Only the actual expenditure amounts are transferred to the relevant operating statement to cover the expenditure incurred in terms of the grant conditions.

16.1 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act of 2008, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

17. OTHER INCOME

Money Various	656 735.39	590 753.49
Training cost refund	1 473.34	-
Seta Claims	88 686.59	3 780.00
Administration Cost (Roads)	1 430 402.70	1 498 508.73
Administration Cost (Pims)	359 648.83	-
Umsobomvu Youth	-	-
Income from Insurance Claim	144 502.03	30 521.31
Lotto	930 614.04	-
Income - Vostersdam	12 387.17	4 322.64
Telephone deductions	150 951.38	151 921.14
Travel & Subsistence paid back	11 760.68	6 092.45
Tender documents	13 550.00	19 750.00
Salary deductions	-	26 947.79
Salga	-	5 792.63
Income from surplus	-	200 000.00
Medical Ex-Gratia	341 368.20	326 963.40
RSC Levies credits	-	277 012.87
Contribution from Municipalities	1 999 952.00	2 089 572.00
Total	6 142 032.35	5 231 938.45

18. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	11 830 363.93	7 687 118.15
Employee related costs - Social contributions	1 855 835.43	2 015 556.22
Bonuses	824 516.14	537 983.44
Car allowances	1 114 718.70	957 802.50
Housing benefits	99 642.74	76 083.00
Overtime	105 498.72	133 294.05
Other employee related costs	82 442.55	44 216.40
Total Employee Related Costs	15 913 018.21	11 452 053.76

Remuneration of the Municipal Manager

Annual Remuneration	637 820.43	525 722.06
Housing subsidy	4 033.74	7 149.00
Bonus	2 608.33	-
Car Allowance	145 143.01	190 644.93
Pension contributions	94 752.00	89 564.40
UIF	1 871.70	1 472.88
Total	886 229.21	814 553.27

Remuneration of the Chief Finance Officer

Annual Remuneration	453 053.63	410 096.22
Bonus	35 450.00	31 900.00
Car Allowance	141 629.06	138 679.06
Medical contributions	21 909.60	19 893.60
Pension contributions	76 572.00	69 606.72
UIF	1 497.36	1 472.88
Total	730 111.65	671 648.48

Remuneration of the Chief Internal Auditor

Annual Remuneration	541 515.24	443 650.72
Bonus	38 640.00	35 092.00
Car Allowance	79 331.46	82 728.69
Medical contributions	35 848.80	32 428.80
Pension contributions	83 462.40	75 798.72
UIF	1 497.36	1 472.88
Total	780 295.26	671 171.81

Remuneration of the Acting Chief Technical Services		
Annual Remuneration	457 185.72	365 852.00
Housing subsidy	8 754.00	7 149.00
Bonus	32 000.00	28 721.00
Car Allowance	127 070.72	141 571.26
Medical contributions	26 573.40	24 278.40
Pension contributions	69 120.00	62 037.36
UIF	1 497.36	1 472.88
Total	722 201.20	631 081.90
Remuneration of the Planner PIMS		
Annual Remuneration	553 086.91	456 690.72
Bonus	-	36 600.00
Car Allowance	132 504.00	132 608.88
UIF	1 497.36	1 472.88
Total	687 088.27	627 372.48
Remuneration of the Chief Corporate Services		
Annual Remuneration	481 185.72	388 820.00
Bonus	34 000.00	30 635.00
Car Allowance	143 564.64	143 982.45
Pension contributions	73 440.00	66 171.60
UIF	1 497.36	1 472.88
Total	733 687.72	631 081.93
19. REMUNERATION OF COUNCILLORS		
Executive Mayor	372 466.53	350 471.88
Speaker	289 523.41	280 377.00
Members of the Mayoral Committee	757 207.36	732 822.00
Councillors	608 301.06	558 107.94
Travelling allowances	763 701.33	628 371.73
Total	2 791 199.69	2 550 150.55
In-kind Benefits		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time.		
Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor, Speaker and members of the Council has use of Council owned vehicles for official duties.		
20. INTEREST PAID		
Long-term liabilities	691 356.28	379 339.94
Employee Benefits	1 166 190.00	838 400.00
Bank overdraft	15 673.43	5 858.05
Total Interest on External Borrowings	1 873 219.71	1 223 597.99
21. GRANTS AND SUBSIDIES PAID		
To IDP Projects	40 677 509.89	32 564 073.33
Total Grants and Subsidies paid	40 677 509.89	32 564 073.33

22. GENERAL EXPENSES

Total General Expenses	8 123 921.80	6 406 106.23
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Included in the total general expenses are the following major expenses more than R150 000,00:-

Consulting Cost	1 465 773.12	831 927.57
Training	403 519.56	240 971.09
Audit Cost	985 327.68	212 454.85
Printing & Stationary	-	270 168.40
Travel and Subsistence	1 342 207.47	1 111 455.79
Cellphone & Telephone	951 067.13	838 450.08
Housing Plan	-	750 000.00
Public Entertainment	181 317.52	-
Fire Fighting Equipment for Municipalities	300 000.00	233 695.73
Implementing Cost	748 628.89	351 373.43
Insurance General	261 652.08	217 872.85
	6 639 493.45	5 058 369.79

23. CORRECTION OF ERROR IN ACCORDANCE WITH GRAP 3

Correction of the asset register to be a true reflection of properties registered in the name of Pixley Ka Seme District Municipality at the Deeds Office. The comparative amount has been restated as follows:-

23.1 Property, plant and equipment

Property, plant and equipment at 30 June 2008	-	19 039 369.64
PPE to Investment Property	-	(623 850.00)
Capitalisation of fixed assets not previously on register	-	221 900.00
New balance at 30 June 2008	-	18 637 419.64

23.2 Accumulated depreciation

Accumulated depreciation at 30 June 2008	-	6 586 686.42
Accumulated Depreciation to Investment Property	-	(512 417.86)
Accumulated depreciation nor previously on register	-	184 749.99
New balance at 30 June 2008	-	6 259 018.55

Provision for employee benefits (IAS 19) not previously disclosed.

23.3 Employee Benefits

Obligation at the beginning of the year	-	(10 906 197.00)
Interest cost	-	(838 400.00)
Benefits Paid	-	759 510.20
Actuarial Gain/Loss	-	(490 390.20)
Obligation at the end of the year	-	(11 475 477.00)

23.4 Accumulated surplus

Capitalisation of fixed assets not previously on register (23.1)	-	221 900.00
Accumulated depreciation nor previously on register (23.2)	-	(184 749.99)
Employee Benefits (23.3)	-	(11 475 477.00)
Nett effect on surplus	-	(11 438 326.99)

23.5 Investment Property

Property, plant and equipment (23.1)	-	623 850.00
Accumulated Depreciation (23.2)	-	(512 417.86)
	-	111 432.14

24. CASH GENERATED BY OPERATIONS		
Net surplus for the year	1 012 497.15	2 603 926.19
Adjustment for:-		
Depreciation	2 662 084.90	1 418 501.12
Contribution to provisions - non current	407 190.00	-
Decrease in accumulated funds	-	-
Interest received	(2 262 986.62)	(1 684 501.49)
Interest paid	1 873 219.71	318 808.99
Operating surplus before working capital changes:	3 692 005.14	2 656 734.81
(Increase)/Decrease in inventories	-	-
(Increase)/Decrease in debtors	60 082.87	462 311.18
(Increase)/Decrease in other debtors	2 719 671.67	(4 597 973.04)
Increase/(Decrease) in conditional grants and receipts	(2 789 998.88)	9 338 942.40
(Increase)/Decrease in investments	-	-
Increase/(Decrease) in creditors	1 968 254.95	1 478 714.20
Increase in VAT	(350.68)	350.68
Cash generated by/(utilised in) operations	5 649 665.07	9 339 080.23
25. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:-		
Bank balances and cash	532 225.28	-
Bank overdraft	-	(681 760.02)
Call investment deposits	20 756 579.42	25 107 467.67
Total cash and cash equivalents	21 288 804.70	24 425 707.65
26. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see note 1)	8 442 317.71	9 446 929.42
Used to finance property, plant and equipment	-	-
Sub-total	8 442 317.71	9 446 929.42
Cash set aside for the repayment of long-term liabilities	-	(1 505 821.21)
Cash invested for repayment of long-term liabilities	8 442 317.71	7 941 108.21
External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that external loans can be repaid on redemption date.		
27. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
27.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
GOP/IDP		
Opening balance	-	-
Unauthorised expenditure current year	-	1 955 413.27
Approved by Council	-	1 955 413.27
Unauthorised expenditure awaiting authorization	-	3 910 826.54
Incidents		
Unbudgeted expenditure for a bulk water supply project at Renosterberg Municipality. The municipality is only administrating the funds of this project and was not aware of this until it started at the end of the financial year.		

Steps taken

The actual amount of the expenditure on 30 June 2008 for the project was R4 744 560.48. The expenditure is recovered by an amount received from DWAF during the financial year.

Finance

Opening balance	-	-
Unauthorised expenditure current year	2 497 594.28	-
Approved by Council	(2 497 594.28)	-
Unauthorised expenditure awaiting authorization	-	-

Incidents

To be in line with the GRAP principles it means for a municipality to do certain financial transactions to provide for depreciation (R2 662 084.90) and employee benefits (R1 166 190.00). These amounts were not budgeted for because it was only available at year end.

Steps taken

Expenditure approved by council - R 2009/07/28 (9.4.2)

27.2 Fruitless and wasteful expenditure**Reconciliation of fruitless and wasteful expenditure**

Opening balance	-	-
Fruitless and wasteful expenditure current year	4 297.31	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	4 297.31	-

Incident

1. Legal fees in the matter between Council and W P Ingenierswerke

Disciplinary steps/criminal proceedings

The matter is still under investigation.

27.3 Irregular expenditure**Reconciliation of irregular expenditure**

Opening balance	-	-
Irregular expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	-	-

Incident**28. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT****28.1 Contributions to SALGA**

Opening balance	-	-
Council subscriptions	83 895.00	51 564.80
Amount paid - current year	(83 895.00)	(51 564.80)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.2 Audit fees

Opening balance	-	-
Current year audit fee	985 327.68	212 454.85
Amount paid - current year	(985 327.68)	(212 454.85)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.3 VAT

VAT inputs receivables and VAT outputs receivables are calculated. All VAT returns have been submitted by the due date throughout the year.

28.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	4 005 572.00	3 512 526.28
Amount paid - current year	(4 005 572.00)	(3 512 526.28)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	5 124 262.00	5 152 611.55
Amount paid - current year	(5 124 262.00)	(5 152 611.55)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at:-

30 June 2009

	Total	Outstanding less than 90 days	Outstanding more than 90 days
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-

30 June 2008

	Total	Outstanding less than 90 days	Outstanding more than 90 days
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-

28.7 Non-compliance with chapter 11 of the MFMA

Fully compliant

29. IDP PAYMENTS

Bulk Water Supply	9 586 374.56	4 744 560.48
IWMP	-	367 276.40
Kareeberg Operational Plan	500 000.00	500 000.00
HIV Special Project	-	-
Power Lines	700 000.00	1 300 993.47
Lotto Ubuntu	450 000.00	-
Lotto Thembelihle	461 894.74	-
Lotto Commission	87 719.30	-
MIG Projects	24 023 532.41	19 146 577.38
O & M Water	31 018.70	572 497.06
Project Skietfontein	30 263.16	30 000.00
Radio Ulwazi	150 000.00	150 000.00
Thembelihle	150 000.00	-
Renosterberg Electricity	-	650 735.68
Renosterberg Cleaning Project	105 000.00	-
Sanitation	782 290.21	1 433 396.76
School Sanitation Project	894 803.31	-
Siyathemba Stormwater	-	175 438.60
Flood Damage	656 234.11	2 221 031.92
Crime Prevention	10 500.00	-
D M A Area	-	375.00
Gender	23 250.00	19 210.21
HIV/AIDS	181 500.00	183 070.09
Innovative Fund	824 099.00	212 188.32
L E D	690 369.57	426 996.49
Tourism	109 560.82	196 325.85
Youth	29 100.00	33 399.62
PIMS Operational Centre	200 000.00	200 000.00
	40 677 509.89	32 564 073.33

This expenditure will be financed from:-

Grants	40 677 509.89	32 564 073.33
	40 677 509.89	32 564 073.33

30. RETIREMENT BENEFIT INFORMATION**30.1 Pension Fund Contributions**

The District Municipality contributes to the following post retirement funds:-

- Cape Joint Pension Fund
- Cape Joint Retirement Fund
- SAMWU Retirement Fund

These funds are subject to a triennial actuarial valuation.

30.2 Continued Medical Aid Contributions

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pay 70% as contribution and the remaining 30% are paid by the members.

31. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

Approved and contracted	-	1 494 873.27
Approved but not yet contracted	-	1 859 770.70
	-	3 354 643.97

The expenditure will be financed from:-

Internal Funding (Own Resources)	-	-
External Loan (DBSA)	-	3 354 643.97
	-	3 354 643.97

An amount of R11m is budgeted for the building of more offices during the 2007/2008 financial year.

Approved and contracted : Approved R9 140 229.30 less expenditure of R7 645 356.03.

Approved but not yet contracted : Budgetted R11 000 000 less expenditure R7 645 356.03 less contacted R1 494 873.27.

32. RELATED PARTY TRANSACTIONS

The Section 57 employees as well as the Councillor remuneration are included in notes 18 and 19 to the annual financial statements.

33. CONTINGENT LIABILITY

The Municipality is at this stage involved in a legal dispute with Musscle Construction regarding the Ouboks Housing Project in Colesberg.

The possible liability will be R1,050,879 (this amount is subject to interest @ 15,5% p.a)

1,050,879.00

34. CONTINGENT ASSETS

The Municipality has no contingent assets.

35. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received no in-kind donations.

36. FINANCIAL RISK MANAGEMENT

The activities of the municipality exposed it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(i) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(ii) Interest Rate Risk

The municipality is mainly exposed to interest rate risk due to the movements in long-term debt and short-term interest rates. The risk is managed on an ongoing basis.

(iii) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government.

(iv) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(v) Capital Management

The primary objective of the Municipality's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to maintain a sound financial position.

No changes were made in the objectives, policies or processes during the year ended 30 June 2009.

The financial liabilities of the Municipality are backed by appropriate assets and have adequate liquid resources.

37. EVENTS AFTER REPORTING DATE

None

38. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

39. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**Judgements**

The accounting policies of the Municipality are implemented and there were no judgements necessary for this financial year.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the Statement of Financial Position, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

Revaluation of property, plant and equipment

The Municipality will revalue its property, plant and equipment during the 2009/2010 financial year and will report on that during the financial year ended 30 June 2010. The Municipality will engage an independent valuation specialist to determine fair values at 30 June 2010. Any changes in fair values will be recognised in the Statement of Financial Position (Revaluation of Fixed Asset Reserve).

Impairment

Impairment will be done in conjunction with the revaluation of property, plant and equipment at 30 June 2010.

Employee Benefits

The cost of defined benefit pension plans and other post employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about:

- discount rates
- average retirement age
- inflation rates
- average age of employees
- pre-retirement mortality
- post-retirement mortality
- continuation of membership
- average number of dependents
- average period of employment
- average of employer contributions
- future salary increases

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APPENDIX A

PIXLEY KA SEME DISTRICT MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Redeemable Number	Balance at 30/06/2008	Received during the period	Redeemed written off during the period	Balance at 30/06/2009	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS		R	R	R	R		
DBSA Bank @ 9.89%	2012/03/31	2 306 758.03	-	534 388.54	1 772 369.49	-	-
DBSA Bank @ 9.863%	2018/03/31	4 925 201.89	-	316 709.80	4 608 492.09	12 670 201.84	-
Total long-term loans		7 231 959.92	-	851 098.34	6 380 861.58	12 670 201.84	-
Finance Leases							
Canon		2 214 969.50		680 055.30	1 534 914.20	1 078 256.81	
BCX		-	550 636.67	24 094.74	526 541.93	532 282.11	
Total Finance Leases		2 214 969.50	550 636.67	704 150.04	2 061 456.13	1 610 538.92	-
TOTAL EXTERNAL LOANS		9 446 929.42	550 636.67	1 555 248.38	8 442 317.71	14 280 740.76	-

APPENDIX B

PIXLEY KA SEME DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Revaluations	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Write up/ (write down)	Closing Balance	
Land and Buildings	9 059 806.03	-	-	5 024 845.81	-	14 084 651.84	1 094 332.14	43 475.00	-	-	1 137 807.14	12 946 844.70
Furniture and Fittings	73 500.05	437.00	-	-	-	73 937.05	55 760.72	6 882.23	-	(6.00)	62 636.95	11 300.10
Office Equipment	1 046 029.40	188 097.66	-	-	-	1 234 127.06	791 179.80	209 035.61	-	(60.00)	1 000 155.41	233 971.65
Council Vehicles	2 279 641.67	133 209.00	-	-	145 137.96	2 267 712.71	1 222 002.66	442 966.59	55 636.22	(7.00)	1 609 326.03	658 386.68
Protection Services	2 467 324.00	20 785.58	-	-	2 406 816.65	81 292.93	1 124 759.93	126 753.84	1 211 825.63	-	39 698.14	41 604.79
Plant and Equipment	482 431.48	-	-	-	259 086.48	223 345.00	463 060.60	4 139.54	243 855.14	(28.00)	223 317.00	28.00
Sub-total	15 408 732.63	342 529.24	-	5 024 845.81	2 811 041.09	17 965 066.59	4 751 095.85	833 252.81	1 511 316.99	(101.00)	4 072 930.67	13 892 135.92
Leased Assets	3 228 689.00	372 061.81	-	-	-	3 600 750.81	1 507 922.72	654 911.54	-	-	2 162 834.26	1 437 916.55
Intangible Assets	95 432.02	178 574.86	-	-	-	274 006.88	-	25 038.90	-	-	25 038.90	248 967.98
Investment Property	623 850.00	-	-	-	-	623 850.00	512 417.86	20 775.00	-	-	533 192.86	90 657.14
Total Assets	19 356 703.65	893 165.91	-	5 024 845.81	2 811 041.09	22 463 674.28	6 771 436.43	1 533 978.25	1 511 316.99	(101.00)	6 793 996.69	15 669 677.59

APPENDIX C

PIXLEY KA SEME DISTRICT MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2009

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Administration	16 032 582.63	4 602 729.24	5 024 845.81	2 811 041.09	22 849 116.59	5 263 513.71	1 982 134.47	2 891 751.33	4 353 896.85	18 495 219.74
Leased Assets	3 228 689.00	550 636.67	-	-	3 779 325.67	1 507 922.72	660 864.03	-	2 168 786.75	1 610 538.92
Intangible Assets	95 432.02	-	-	-	95 432.02	-	19 086.40	-	19 086.40	76 345.62
Total	19 356 703.65	5 153 365.91	5 024 845.81	2 811 041.09	26 723 874.28	6 771 436.43	2 662 084.90	2 891 751.33	6 541 770.00	20 182 104.28

APPENDIX D

PIXLEY KA SEME DISTRICT MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
17 756 510.55	10 032 370.41	7 724 140.14	Administration & Finance	-	-	-
-	-	-	Administration	137 153.44	4 356 019.26	-4 218 865.82
-	-	-	Finance	18 199 708.39	7 743 759.24	10 455 949.15
963 974.34	2 670 016.05	-1 706 041.71	Development and Infrastructure	1 059 633.26	2 253 841.29	-1 194 208.03
63 103.97	584 515.75	-521 411.78	Environmental Health	53 972.89	939 563.81	-885 590.92
17 960 095.70	17 694 692.61	265 403.09	Housing	20 948 454.56	20 088 149.79	860 304.77
691 217.80	2 296 539.46	-1 605 321.66	Internal Audit	759 469.86	2 007 411.09	-1 247 941.23
804 948.31	4 135 800.47	-3 330 852.16	Council Expenses	1 909 024.22	7 126 279.16	-5 217 254.94
16 116.36	1 268 573.02	-1 252 456.66	Municipal Manager	13 646.42	1 479 613.41	-1 465 966.99
35 050 167.04	32 943 413.27	2 106 753.77	I D P	44 320 000.13	41 354 095.65	2 965 904.48
511 190.44	1 526 726.28	-1 015 535.84	Protection Services	875 746.80	1 852 802.73	-977 055.93
-	-	-	Shared Services	2 332 933.78	2 719 335.51	-386 401.73
73 817 324.51	73 152 647.32	664 677.19	Sub Total	90 609 743.75	91 920 870.94	-1 311 127.19
73 817 324.51	73 152 647.32	664 677.19	Total	90 609 743.75	91 920 870.94	-1 311 127.19

APPENDIX E(1)

PIXLEY KA DISTRICT MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Administration Cost	1 790 051.53	1 687 000.00	103 051.53	6	
Regional Services Levies	215 994.79	201 000.00	14 994.79	7	
Interest earned - Bank Account	88 778.87	52 000.00	36 778.87	71	Management of cash resulted in a positive bankbalance for a longer period.
Interest earned - External Investments	2 262 986.62	2 040 000.00	222 986.62	11	Under budget due to conservative budgeting practices.
Government grants and subsidies : Dora	24 436 359.00	24 435 000.00	1 359.00	0	
Government grants and subsidies : Other	37 727 196.38	40 634 000.00	(2 906 803.62)	-7	
Contribution : Provincial Government	19 722 445.06	19 874 000.00	(151 554.94)	-1	
Contribution : Municipalities	1 999 952.00	1 940 000.00	59 952.00	3	
Income Vostersdam	12 387.17	3 000.00	9 387.17	313	Under budget due to conservative budgeting practices.
Medical Ex Gratia	341 368.20	341 000.00	368.20	0	
Office Rental : External	133 950.68	125 000.00	8 950.68	7	
Other income	1 878 273.45	271 000.00	1 607 273.45	593	Under budget due to conservative budgeting practices.
Total Revenue	90 609 743.75	91 603 000.00	(993 256.25)	-1	
EXPENDITURE					
Employee related costs	15 913 018.21	16 223 500.00	(310 481.79)	-2	
Remuneration of Councillors	2 791 199.69	3 023 000.00	(231 800.31)	-8	
Bad Debts written off	9 425.32		9 425.32	100	Amount not significant
Depreciation	1 533 978.24	350 000.00	1 183 978.24	338	Due to the capitalisation of fixed assets not previously capitalized
Repairs and maintenance	856 008.93	1 108 500.00	(252 491.07)	-23	Expenses were less then expected
Interest Paid	1 873 219.71	825 000.00	1 048 219.71	127	Due to the interest paid on employee benefits
Contracted services	315 210.75	833 000.00	(517 789.25)	-62	Expenses were less then expected
Ouboks Project	18 818 445.06	19 000 000.00	(181 554.94)	-1	
National Youth Advisory Centres	875 192.92	879 000.00	(3 807.08)	0	
Infrastructure expenses	40 677 509.89	41 347 000.00	(669 490.11)	-2	
General expenses - other (including abnormal expenses)	8 197 662.22	9 320 000.00	(1 122 337.78)	-12	Expenses were less then expected
Contributions to funds	60 000.00	60 000.00	-	0	
Total Expenditure	91 920 870.94	92 969 000.00	(1 048 129.06)	-1	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(1 311 127.19)	(1 366 000.00)	54 872.81		

APPENDIX E(2)

PIXLEY KA SEME DISTRICT MUNICIPALITY : ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Land and Buildings	-	5 024 845.81	5 024 845.81	5 491 000.00	(466 154.19)		8 Building of new offices rolled over to next financial year.
Office Equipment	209 320.24	-	209 320.24	70 000.00	139 320.24	199	Due to the capitalisation of fixed assets not previously capitalized
Council Vehicles	133 209.00	-	133 209.00	-	133 209.00	100	Asset not budgetted under this item
Leased Assets	550 636.67	-	550 636.67	-	550 636.67	100	Leased assets from external loan
Intangible Assets	-	-	-	-	-	0	
Total	893 165.91	5 024 845.81	5 918 011.72	5 561 000.00	357 011.72	6	